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Title: Need for re-financing of loans by NABARD to the extent of 70% of the total loans advanced by the Primary Agricultural Co-operatives in Ernakulam and Palakkad districts of Kerala.

SHRI K. FRANCIS GEORGE (IDUKKI): The National Agricultural Commission has recommended to give agricultural loans to farmers @ 4% per annum. NABARD is the only agency for giving financial assistance and refinance to the State agricultural sector. Nevertheless, NABARD refinances only 35% of the loan issued to agriculture segment. District Co-operative Banks in Kerala State are meeting the balance 65% from their resources mobilized with higher rate of interest and advancing the same with minimum level of interest. This method of financing is not desirable and unhelpful for the development of agriculture in the State. NABARD has always refinanced based on the eligibility of the Kerala State Co-operative Bank. While doing so, NABARD should consider the eligibility of District Co-operative Banks also. BABARD should also provide refinance to the extent of 70% of the total agricultural loans advanced by the Primary Agricultural Co-operatives.

NABARD had denied refinance for Ernakulam and Palakkad districts of Kerala, for the reason that the DCB's have deposited funds in Government Treasury. This is unjustifiable, as the State Government has given interest on these deposits to the DCB's.

Government shall issue necessary instruction to NABARD on these matters to help the agricultural sector of Kerala State.

MR. SPEAKER: Item Numbers 19 and 20, namely Statutory Resolution and State Bank of India (Amendment) Bill, will be taken up later.

[R5]...(*Interruptions*)